

**SECURITIES AND FUTURES  
(MARGIN REQUIREMENTS  
FOR EXEMPT FINANCIAL INSTITUTIONS)  
REGULATIONS 2014**

**DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney- General's Chambers.**

## **SECURITIES AND FUTURES ACT**

### **(CHAPTER 289, SECTIONS 100 AND 341)**

### **SECURITIES AND FUTURES (MARGIN REQUIREMENTS FOR EXEMPT FINANCIAL INSTITUTIONS) REGULATIONS**

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#### **Citation**

**1.** These Regulations may be cited as the Securities and Futures (Margin Requirements for Exempt Financial Institutions) Regulations and shall come into operation on [ ] 2014<sup>1</sup>.

#### **Definitions**

**2.** —(1) In these Regulations, unless the context otherwise requires –

“exempt financial institution” means a person who is exempt from holding a capital markets services licence under section 99(1)(a), (b), or (c) of the Act in respect of its dealing in securities or leveraged foreign exchange trading, or both regulated activities, as the case may be;

“MAS notice” means a notice issued by the Authority under regulation 3.

(2) Any word or expression used in these Regulations which is defined in regulation 2 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations shall, unless the context otherwise requires, have the same meaning as in those regulations.

#### **MAS notices**

**3.** The Authority may from time to time issue notices for the purposes of these Regulations, which shall be published on the Authority’s Internet website at <http://www.mas.gov.sg> (under “Regulations and Financial Stability”, “Regulations, Guidance and Licensing”, “Securities, Futures and Fund Management”).

#### **Margin requirements for contracts for differences and contracts or arrangements for the purpose of leveraged foreign exchange trading**

**4.**—(1) An exempt financial institution who enters into any contract for differences or any contract or arrangement for the purpose of leveraged foreign exchange trading with any customer who is not an accredited investor, an expert investor or an institutional investor shall obtain margin from the customer, in the form of acceptable collateral, for the purpose of trading in contracts for differences or leveraged foreign exchange trading, or both, as the case may be.

(2) For the purposes of this regulation, margins deposited by a customer who is not an accredited investor, an expert investor or an institutional investor with the exempt financial institution in accordance with this regulation shall be determined in accordance with Table 18 of the Fourth Schedule to the Securities and Futures (Financial and Margin Requirements for Holders

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<sup>1</sup> [These Regulations will come into operation 6 months from the date of publication of these Regulations.]

of Capital Markets Services Licences) Regulations and such other requirements as the Authority may from time to time specify by notice in writing.

(3) Where the current market value of acceptable collateral deposited in the margin account of the customer who is not an accredited investor, an expert investor or an institutional investor for the purpose of trading in contracts for differences or leveraged foreign exchange trading, or both, falls below the margin requirements referred to in paragraph (2), the exempt financial institution shall immediately require the customer to provide additional margin within 2 business days.

(4) In these Regulations, unless the context otherwise requires —

“acceptable collateral”, in relation to trading in any contract for differences or entering into any contract or arrangement for the purpose of leveraged foreign exchange trading means —

(a) cash;

(b) a share or convertible bond listed on the Singapore Exchange Securities Trading Limited;

(c) a share or convertible bond listed on a recognised group A exchange and that is —

(i) in the case of a share, included in a market index of that recognised group A exchange; or

(ii) issued by a corporation with shareholders’ funds of not less than \$200 million or its equivalent in any foreign currency;

(d) a debt security —

(i) issued by a government or public authority of any country or territory, or a recognised multilateral agency specified in Table 3 of the Fourth Schedule to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations with a long-term rating of —

(A) not less than BB-minus by Fitch Ratings;

(B) not less than Ba3 by Moody’s Investor Services; or

(C) not less than BB-minus by Standard & Poor’s;

(ii) issued by any other entity with a long-term rating of —

(A) not less than BBB-minus by Fitch Ratings;

(B) not less than Baa3 by Moody’s Investor Services; or

(C) not less than BBB-minus by Standard & Poor’s;

(iii) being a short-term debt instrument with a rating of —

(A) not less than F3 by Fitch Ratings;

(B) not less than P3 by Moody's Investor Services; or

(C) not less than A3 by Standard & Poor's; or

(iv) listed on the Singapore Exchange Securities Trading Limited or a recognised group A exchange if, and only if, the issuer's shares are listed on that exchange and qualify as a share referred to in paragraph (b) or (c);

(e) a collective investment scheme —

(i) authorised by the Authority under section 286 of the Act (other than exchange traded funds and property funds); or

(ii) recognised by the Authority under section 287 of the Act (other than exchange traded funds and property funds) —

(A) for which prices are published daily; and

(B) which invests at least 90% of the deposited property of the collective investment scheme in instruments being any or all of the instruments specified in paragraphs (a) to (k) (including this paragraph);

(f) an exchange traded fund quoted on the Singapore Exchange Securities Trading Limited or a recognised group A exchange, which tracks an index of, or basket of, stocks quoted on —

(i) the Singapore Exchange Securities Trading Limited; or

(ii) a recognised group A exchange;

(g) a property fund listed on the Singapore Exchange Securities Trading Limited or a recognised group A exchange;

(h) any contract traded on —

(i) the Singapore Exchange Securities Trading Limited; or

(ii) a recognised group A exchange, where the shares of the issuer of the contract, and the shares of the issuer of the underlying security, qualify as a share referred to in paragraph (b) or (c);

(i) in the case of an initial public offer, securities to be listed for quotation or quoted on the Singapore Exchange Securities Trading Limited which have been fully paid for by a customer of the holder of a licence;

(j) securities quoted on the Central Limit Order Book (CLOB) International; or

(k) such other securities or financial instruments as the Authority may specify in an MAS notice applicable to the holder;

